

Thursday May 26, 2005

Dear Colleagues:

Earlier today, upon my recommendation, the University of California Board of Regents voted to pursue continued management and operations of Los Alamos National Laboratory by submitting a competitive proposal to the Department of Energy (DOE). With our industrial partners, Bechtel National, BWX Technologies and Washington Group International, we are preparing a very strong proposal for the future management of Los Alamos National Laboratory (LANL). I believe this team is perfectly positioned to preserve the world-class scientific mission of Los Alamos while maximizing the quality and accountability of the laboratory's business, management, security, and operational functions.

The regents' action allows the university to continue bid preparations and to submit a proposal to DOE by July 19, 2005. A DOE source evaluation board made up of Department technical and business experts will review the proposals submitted and provide recommendations to the Source Selection Official. According to DOE, we can expect a decision by December 2005 and implementation of the new contract on June 1, 2006. As the contract to manage [the Laboratory] is set to expire Sept. 30, 2005, DOE has said that an extension of the current contract for UC to manage [the Laboratory] will be necessary. We anticipate an eight-month extension. We will provide additional details about the extension once they are determined.

Due to the competitive nature of the contract process, many of the details of the University's proposal will not be made public until after DOE makes a determination regarding the future contractor for the [Laboratory]. However, I do want to take this opportunity to share with you a few of the highlights of the University's proposal that I believe will be of interest to you.

- Under the [Laboratory] proposal, science and technology will continue to be the foundation of the work at the laboratory.
- The Department of Energy's final request for proposals requires that a separate corporate entity be formed to manage the laboratory and that the future contractor have a stand-alone pension and benefits system.
- Assuming the university wins the competition, UC will do everything it can to seek approval from the Department of Energy for existing employees who continue employment without interruption to participate in a pension plan that mirrors the benefits currently provided in the University of California Retirement Plan (UCRP) to the extent legally permissible.
- It is our intent to have the UC treasurer manage the assets of any separate pension plan established at [the Laboratory].

As I said to the regents, throughout its 62-year relationship with the university, Los Alamos has made some of the most significant scientific contributions anywhere in the world – the quality of the science at Los Alamos has never been questioned by anyone.

The challenges have come in meeting the security requirements of such a complex institution in the 21st century, post-9/11 environment, and in maximizing the accountability of the operational functions of the laboratory. The university is proposing to compete for the Los Alamos contract because we believe we can make an important contribution to the nation by virtue of the scientific excellence we bring to national security research. For me, it is the public spirit that is at the heart of a public institution that is driving this decision.

I recognize that the competition process leaves you with some ongoing concerns and questions. I hope the knowledge that the competition process has started in earnest, and the knowledge that the University of California is competing, will alleviate some of your immediate concerns. As I said to you when I visited a week and a half ago, I urge you to be patient and to carefully evaluate all your options. Los Alamos National Laboratory is more than its history, more than buildings and structures; it is about people doing critical work in the nation's interest. The university wants to continue to manage this laboratory and to have you as part of this great enterprise.

The Board of Regents and I, indeed the entire country, greatly appreciate your commitment to your scientific work and to the mission of the laboratory. Thank you for all you have done and continue to do on the lab's behalf and for your support.

Sincerely,

Robert C. Dynes